

Message Text

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72

ORIGIN ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 NSCE-00 SSO-00 USIE-00 INRE-00 INT-08 TAR-02

/147 R

DRAFTED BY ARA/BC/C:RNICHOLSON:NG

APPROVED BY ARA:HWSHLAUDEMAN

EB:RGELBARD (SUBS)

ARA/ECP:JCOOK (SUBS)

ARA/BC:JEKARKASHIAN

TREAS:FLEVY (PHONE)

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

C O N F I D E N T I A L STATE 205180

E.O. 11652: GDS

TAGS: CI, EFIN

SUBJECT; CHILE'S SHORT-TERM FOREIGN EXCHANGE REQUIREMENTS

1. DEPARTMENT WOULD APPRECIATE ANY INFORMATION THE EMBASSY CAN PROVIDE ON CHILE'S FOREIGN EXCHANGE REQUIREMENTS THROUGH THE END OF CY 1973, ITS PROSPECTS FOR MEETING THESE REQUIREMENTS, AND THE GAP WHICH MAY REMAIN. REQUEST YOU CABLE INFORMATION AVAILABLE BY COB FRIDAY, OCTOBER 19.

2. WE WOULD LIKE YOUR BEST ESTIMATE OF:

A) IMPORT REQUIREMENTS TO YEAR'S END FOR ESSENTIAL GOODS AND SERVICES,

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B) EXPORT EARNINGS. WE HAVE HEARD FROM SEVERAL SOURCES

THAT COPPER PRODUCTION HAS BEEN RESTORED AND MAY ALREADY EXCEED THE AVERAGE DAILY OUTPUT LEVELS OF THE ALLENDE PERIOD.

C) GOC DEBT PAYMENT PLANS. WE ARE WORKING ON ASSUMPTION THAT GOC IS NOT PLANNING ON MAKING ANY PAYMENTS ON CY 1973 DEBT UNTIL AFTER JANUARY MEETING OF THE PARIS CLUB. DEBTS TO BE PAID NOW APPARENTLY INCLUDE UNPAID BALANCES PREVIOUS YEARS' DEBTS AND PAYMENTS TO KEY INTERNATIONAL INSTITUTIONS TO ENSURE IMMEDIATE REFLOWS. (FYI. WE HAVE UNCONFIRMED INFORMATION THAT GOC HAS ALREADY REACHED

AGREEMENT WITH IBRD ON 1972 DEBT. REPORTEDLY CHILE WILL PAY 8 MILLION DOLLARS NOW DUE IBRD IN EXCHANGE FOR NEW OBLIGATIONS OF 13 MILLION DOLLARS. IBRD BOARD SCHEDULED TO DECIDE ON RESCHEDULING AT MID-NOVEMBER MEETING. END FYI)

D) BALANCE OF PAYMENTS GAP: WHAT IS RESERVE POSITION NOW AND WHAT ARE FOREIGN EXCHANGE HOLDINGS ABROAD? WHAT WILL YEAR-END GAP BE AND HOW, ACCORDING TO YOUR LATEST INFORMATION, WILL IT BE FINANCED? WE ARE PARTICULARLY INTERESTED IN THE GOC ATTEMPTS TO LINE UP CREDITS FROM OTHER GOVERNMENTS AND THE WORLD BANKING COMMUNITY. KISSINGER

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30 JUN 2005

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